

CITY OF OAKLAND

**ALAMEDA COUNTY TRANSPORTATION
COMMISSION
MEASURE B FUNDS**

**FINANCIAL STATEMENTS
JUNE 30, 2011**



GRANT & SMITH, LLP
Certified Public Accountants

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
JUNE 30, 2011**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the
City Council of the City of Oakland
Oakland, California

We have audited the accompanying financial statements of the Alameda County Transportation Commission (Alameda CTC) - Measure B Funds of the City of Oakland (the City) as of and for the year ended June 30, 2011, as shown on pages 3 & 4. These financial statements are the responsibility of the City of Oakland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements referred to above, are intended to present the financial position and the changes in financial position of that portion of funds of the City that are attributable to the transactions of Alameda CTC Measure B Funds. They do not purport to, and do not, present fairly the financial position of City of Oakland, California, as of June 30, 2011, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Alameda CTC Measure B Funds of the City of Oakland, California, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (Continued)

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 19, 2011 on our consideration of the City of Oakland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Grant & Smith, LLP

Oakland, California
December 19, 2011



**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011**

	<u>Streets and Roads</u>	<u>Bike and Pedestrians</u>	<u>Paratransit</u>	<u>Total</u>
ASSETS:				
Cash & Investments	\$ 6,535,197	\$ 2,628,553		\$ 9,163,750
Interest Receivable	7,233	2,798		10,031
Receivable for Measure B Allocation	2,230,573	270,970	\$ 235,089	2,736,632
Other Receivable	2,380		25,294	27,674
TOTAL ASSETS	<u>\$ 8,775,383</u>	<u>\$ 2,902,321</u>	<u>\$ 260,383</u>	<u>\$ 11,938,087</u>
LIABILITIES & FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ 663,767	\$ 8,753	\$ 101,019	\$ 773,539
Due to Other Funds	33,427		221,003	254,430
TOTAL LIABILITIES	<u>697,194</u>	<u>8,753</u>	<u>322,022</u>	<u>1,027,969</u>
FUND BALANCES:				
Reserved for Encumbrances (Note 3)	5,071,937	938,912		6,010,849
Unreserved (Note 3)	3,006,252	1,954,656	(61,639)	4,899,269
TOTAL FUND BALANCES (DEFICIT)	<u>8,078,189</u>	<u>2,893,568</u>	<u>(61,639)</u>	<u>10,910,118</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 8,775,383</u>	<u>\$ 2,902,321</u>	<u>\$ 260,383</u>	<u>\$ 11,938,087</u>

See accompanying notes.

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Streets and Roads</u>	<u>Bike and Pedestrians</u>	<u>Paratransit</u>	<u>Total</u>
REVENUES:				
Measure B Allocation	\$ 8,484,180	\$ 1,030,660	\$ 880,023	\$ 10,394,863
Measure B Grants - GAP/Stabilization			153,230	153,230
Interest on Investments	28,374	7,784		36,158
Charges on Services	22,021		115,832	137,853
Other	3,440			3,440
TOTAL REVENUES	<u>8,538,015</u>	<u>1,038,444</u>	<u>1,149,085</u>	<u>10,725,544</u>
EXPENDITURES:				
Transportation & Operation			1,200,164	1,200,164
Planning, Engineering & Construction	10,046,353	906,795		10,953,148
TOTAL EXPENDITURES	<u>10,046,353</u>	<u>906,795</u>	<u>1,200,164</u>	<u>12,153,312</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,508,338)	131,649	(51,079)	(1,427,768)
BEGINNING FUND BALANCES	<u>9,586,527</u>	<u>2,761,919</u>	<u>(10,560)</u>	<u>12,337,886</u>
ENDING FUND BALANCES (DEFICIT)	<u>\$ 8,078,189</u>	<u>\$ 2,893,568</u>	<u>\$ (61,639)</u>	<u>\$ 10,910,118</u>

See accompanying notes.

CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
Notes to Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In November 2000 Alameda County voters approved Measure B, a ballot measure to continue the County's ½ cent sales tax for transportation through March 2022. Measure B also established the Alameda County Transportation Improvement Authority (ACTIA) to administer this sales tax effective April 1, 2002. In July 2010, ACTIA merged with the Alameda County Congestion Management Agency to become the Alameda County Transportation Commission (Alameda CTC). Projects funded by Measure B are as follows:

Local Streets and Roads – To maintain the City's local streets and roads. These funds help the City repave streets, fill pot holes, install traffic signals and street signs, speed bumps, as well as repair sidewalks and address traffic safety issues.

Bike and Pedestrian Safety – The City Council adopted a priority list of projects for Fiscal Years 2010-11 through 2012-13 which channels 65% of the City's bicycle/pedestrian funds to pedestrian safety projects and the remaining 35% earmarked for implementing the City's Bicycle Master Plan.

Paratransit – To provide transit services for the elderly and people with disabilities.

Measure B Funds are accounted for in special revenue funds of the City of Oakland's (the City) financial accounting records. The financial statements of the Measure B funds present only the financial activities of the Measure B Funds and are not intended to fairly present the financial position and changes in financial position of the City in conformity with accounting principles generally accepted in the United States of America.

Measurement Focus and Basis of Accounting

The accompanying financial statements are reported using the *current financial resources measurement focus* and the *modified accrual* basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 120 days after the end of the current fiscal year. Expenditures are recorded when the liability is incurred and is expected to be liquidated with expendable available resources.

Cash and Investments

Cash and investments for Measure B Funds are maintained in the City's cash and investment pool. Funds are invested according to the investment policy adopted by the City Council. Investments are generally carried at fair value. Relevant information about the separate portion of the investment pool related to Measure B is not available.

CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
Notes to Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cash and Investments – (Continued)

Information regarding the characteristics of the entire investment pool can be found in the City's June 30, 2011 Comprehensive Annual Financial Report (CAFR) under the basic financial statements. Income earned or losses arising from the investment of pooled cash are allocated on a monthly basis to the participating funds based on their proportionate share of the average daily cash balance.

Due to Other Funds

During the course of operations, some transactions occur between individual funds for services rendered. These payables are classified as "due to other funds".

Fund Balances

Reservations of fund balances indicate those portions of fund equity that are not available for appropriation for expenditure or which have been legally restricted to specific use. Encumbrances outstanding at fiscal year end are reported as reservation of fund balances and the related appropriation is automatically carried forward into the next fiscal year. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported balances. Accordingly, actual results could differ from those estimates.

NOTE 2 – SELF INSURANCE

The City of Oakland is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City is self-insured for its general liability, worker's compensation, malpractice liability, general and auto liability and has excess reinsurance with the California State Association of Counties.

CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
Notes to Financial Statements
June 30, 2011

NOTE 3 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2011, \$5,071,937 of Measure B Streets and Roads Funds and \$938,912 of Measure B Bike and Pedestrian Funds were committed to cover anticipated costs of completing various projects and programs. Of the unreserved Measure B funds of \$4,899,269, the City has appropriated \$4,369,012 for various capital improvements projects. These amounts may or may not result in actual expenditures.

NOTE 4 – MEASURE B FUNDS IN THE CITY'S BASIC FINANCIAL STATEMENTS

Measure B funds are grouped with other funds under "Traffic Safety and Control" as a part of Non Major Governmental Funds (Special Revenue Funds) in the City's June 30, 2011, Comprehensive Annual Financial Report (CAFR) under the basic financial statements. That report may be obtained by writing to the Financial Management Agency, Accounting Division City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, California 94612-2093.

Cash and Investments of Measure B Funds as reported in the City's June 30, 2011, basic financial statements and as reported in the current financial statements are the same.

Fund balances of Measure B Funds as reported in the City's June 30, 2011, basic financial statements and as reported in the current financial statements are not the same. The difference is mainly due to adjustments of revenue based on subsequent receipts and adjustments of unrecorded expenses based on the subsequent invoices submitted by the Vendors/Contractors after the City's books are closed.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the
City Council of the City of Oakland
Oakland, California

We have audited the financial statements of the Measure B Funds of the City of Oakland (the City), California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
(Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit included tests of compliance with provisions of the Measure B grant requirements. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In our opinion, the City of Oakland is materially in compliance with the laws and regulations, contracts and grant requirements related to Measure B funds as specified in the agreement between the City and Alameda CTC. Our opinion is covering the period from July 1, 2010 through June 30, 2011.

This report is intended solely for the information and use of the Honorable Mayor and Members of the City Council of the City of Oakland and the City's management, State Controller's Office and officials of the Alameda CTC and is not intended to be and should not be used by anyone other than these specified parties.

Grant & Smith, LLP

Oakland, California
December 19, 2011



**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
Schedule of Findings and Questioned Costs
June 30, 2011**

No findings or questioned costs were noted during the current year's audit.

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
Status of Prior Year Findings
June 30, 2011**

There were no findings for FYE 6/30/10.